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SUBJECT: France on Food Security

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¶1. (SBU) Summary: Econ Counselor raised reftel points on the President's global food security initiative with Francois Giovalucchi, advisor to Cooperation Minister Joyandet, and Florence Lasbennes, Cooperation Economic and Agricultural Development Office Chief, on May 19. Giovalucchi and Lasbennes: said France shared concerns on export restrictions; maintained that France was open to a role for agricultural biotechnology in emerging markets as long as appropriate regulatory authorities were in place; and, took points on Doha on board without comment. Lasbennes said the GOF was finalizing longer-term policy proposals, which it would have in time for the June 3 - 5 FAO Summit on World Food Security (which President Sarkozy will attend). Separately Post provided points to the Ministry of Agriculture and to the Ministry of Economy. End summary.

¶2. (SBU) Giovalucchi and Lasbennes said in the near-term France would double its 2008 food aid from 30 to 60 million euros and boost amounts provided through cash-for-work programs targeting the urban poor. The GOF was most concerned about the coming three months, notably in the sub-Sahel where stocks had been depleted and populations were nearing the limits of reserve capacity.

¶3. (SBU) France's Agricultural Research Center for International Development (CIRAD) was in the process of finalizing a report for the GOF's inter-ministerial group on food security that would inform a longer-term policy response to the crisis (a report that would be made public). With branches throughout the developing world - and notably in West Africa-- CIRAD was well-placed to provide informed analysis, Lasbennes said. Pending completion of the report the GOF's focus was on improving aid efficiency, and food aid and market "architecture" consistent with MDG-8, and within the framework of the UN's Global Food Security Task Force.

¶4. (SBU) CIRAD's initial findings showed considerable variation from commodity to commodity, and thus a situation that escaped easy generalization. Wheat has been on an upward trajectory for ten years, rice has climbed much more recently. Lasbennes noted that while CIRAD found that growing emerging market demand played a role in price increases, demand growth had actually decelerated over the past year. The findings also showed that in real terms today's price spike was less severe than that of the 1970s.

¶5. (SBU) Lasbennes pointed to the entrance of hedge funds into agricultural commodity markets -- particularly rice -- as a factor in price volatility. Price increases had largely been captured by intermediaries, she said, and had yet to cycle through to the farmer.

¶6. (SBU) Comment: On bio-tech, Doha and, more broadly, faith in market adjustment mechanisms, making common cause with the French on a long-term approach to the food crisis will be a challenge. We can expect the French political class to find grist for continued bashing of speculators and "market manipulators" in the profit-taking of hedge fund and other market participants on agricultural commodity price swings. Some of that worldview will inform French long-term thinking on food security policy, and we should be prepared to respond appropriately.

STAPLETON